

Message Text

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ACTION EA-14

INFO OCT-01 ADP-00 AID-20 EB-11 NSC-10 RSC-01 CIEP-02

SAL-01 SS-14 STR-08 OMB-01 CEA-02 CIAE-00 COME-00

FRB-02 INR-09 NSAE-00 TRSE-00 XMB-07 OPIC-12 LAB-06

SIL-01 PA-03 PRS-01 USIA-12 L-03 H-02 RSR-01 /144 W

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R 240209 Z MAR 73

FM AMEMBASSY SEOUL

TO SECSTATE WASHDC 6955

INFO AMEMBASSY TOKYO

AMCONSUL HONG KONG

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E. O. 11652: ADS, DECLAS 3/23/74

TAGS: BEXP, EFIN, BTRA

SUBJECT: VISIT OF EXIMBANK CHAIRMAN, HENRY KEARNS

SUMMARY: DURING WHIRLWIND TWO- DAY (MARCH 21-22) VISIT TO SEOUL CHAIRMAN KEARNS EMPHASIZED NECESSITY FOR ROKG TO OBTAIN WIDER USE OF RELENDING CREDITS AND RELIABLE FEASIBILITY STUDIES FOR LARGER PROJECTS (SUCH AS STEEL MILL) INTENDED FOR EXIM FINANCING.

1. UP TO MIDDLE OF MARCH ONLY SOME \$6 MILLION UTILIZED OF ORIGINAL \$24 MILLION IN RELENDING CREDITS MADE AVAILABLE OCTOBER 1971. PRIOR TO KEARNS VISIT, EMBASSY HELD INTENSIVE DISCUSSIONS WITH ROKG OFFICIALS IN EFFORT TO OBTAIN RELAXATION OF CONDITIONS FOR CREDIT UTILIZATION. SUBJECT ALSO RAISED BY VAN GESSEL GROUP DURING OFFICIALS CALLS MARCH 9. ON DAY BEFORE KEARNS ARRIVAL, EMBASSY WAS INFORMED THAT KOREA EXCHANGE BANK (KEB) WAS PREPARED TO SHARE CREDIT WITH FIVE COMMERCIAL BANKS WHO WOULD CHARGE SAME INTEREST RATE AS KEB.

2. IN OFFICIAL AND PRIVATE CONVERSATIONS AFTER ARRIVAL, KEARNS EXPRESSED GRATIFICATION AT CONCESSION AND EMPHASIZED IMPORTANCE OF KEB FOLLOWING THROUGH BY KEEPING INTERBANK PROCEDURES UNCOMPLICATED
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SO THAT RELENDING CREDIT COULD BE USED RAPIDLY BY KOREAN INDUSTRY, INCLUDING MEDIUM AND SMALL ENTREPRENEURS SEEKING TO OBTAIN U. S. PRODUCTS. HE EXPRESSED VIEW THAT REMAINING CREDIT COULD BE USED UP RAPIDLY UNDER NEW CONDITIONS AND GAVE ASSURANCE THAT EXIM WOULD BE WILLING TO PROVIDE ADDITIONAL FUNDS WHENEVER THIS HAPPENED.

3. SECOND POINT, WHICH KEARNS RAISED IN ALL OFFICIAL CALLS, WAS IMPORTANCE OF OBTAINING ADEQUATE PROJECT FEASIBILITY STUDIES BEFORE SEEKING FINANCING FROM EXIMBANK OR OTHER INTERNATIONAL LENDERS. HE SPECIFICALLY REFERRED TO SECOND INTEGRATED FIVE- MILLION- TON STEEL FACILITY FOR WHICH HE SUGGESTED STUDY BY U. S. STEEL. HE ASSURED KOREAN OFFICIALS THAT EXIM WOULD BE GLAD CONSIDER FINANCING ALL OR A MAJOR PART OF THIS FACILITY IF ECONOMICS WERE PROVED OUT.

4. DURING INTERVIEW WITH MINISTER OF COMMERCE & INDUSTRY, KEARNS WAS TOLD MINISTRY WAS COMPLETING STUDIES ON POSSIBLE INCREASES IN IMPORTS FROM UNITED STATES, INCLUDING SUBSTITUTION OF IMPORTS PREVIOUSLY OBTAINED FROM JAPAN. WHEN RESULTS OF STUDY IN HAND, MINISTRY WILL DISCUSS WITH EMBASSY POSSIBILITY OF KOREAN BUYING MISSION TO UNITED STATES. KEARNS ACKNOWLEDGED IMPORTANCE THIS PROPOSAL, INCLUDING POLITICAL IMPACT, BUT SUGGESTED, IN ADDITION, MINISTRY SHOULD WORK WITH EMBASSY IN HELPING TO INTRODUCE U. S. EXPORTERS TO KOREAN MARKET AND KOREAN BUYERS TO U. S. SUPPLIERS.

5. TROUBLED BY FREQUENT KOREAN SUGGESTION THAT EXIM SHOULD IMPROVE LENDING TERMS, KEARNS ASSERTED IN INTERVIEWS, AND INCLUDED IN PUBLIC LUNCHEON STATEMENT, IMPORTANCE HE PLACED ON KOREAN REALIZATION THE KOREA IS EMERGING FROM PERIOD OF CONCESSIONAL CREDITS INTO PERIOD WHEN DEALINGS ABROAD MUST BE CONDUCTED ON COMMERCIAL TERMS. IN THIS REGARD HE ANNOUNCED THAT EXIMBANK VICE PRESIDENT FOR ASIA, JOSEPH RAND, WOULD BE RETURNING TO KOREA IN SEVERAL MONTHS TO CONDUCT SEMINARS FOR GOVERNMENT, BUSINESS AND BANKING COMMUNITIES ON SUBJECT OF COMMERCIAL CREDIT UTILIZATION.

6. BUSY KEARNS SCHEDULE WHICH INCLUDED BREAKFASTS WITH KOREAN AND AMERICAN BANKERS, AMBASSADOR'S LUNCHEON FOR EXIM CUSTOMERS, DEPUTY PRIME MINISTER'S DINNER FOR MINISTERS, AND INDIVIDUAL CALLS ON DPM, PRIME MINISTER AND MINISTERS OF FOREIGN AFFAIRS, FINANCE, AND COMMERCE & INDUSTRY, WAS CLIMAXED BY ONE- HOUR CALL ON PRESIDENT PARK. MR. KEARNS REITERATED TO PRESIDENT PRINCIPAL POINTS INDICATED ABOVE AND STRESSED THAT EXIMBANK WOULD BE GUIDED BY ECONOMIC CONSIDERATIONS IN FINANCING PROJECTS WHICH WERE GOOD FOR KOREA AND WOULD PAY FOR LIMITED OFFICIAL USE

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THEMSELVES. PRESIDENT IDENTIFIED PRINCIPAL AREAS OF FUTURE ECONOMIC
DEVELOPMENT IN WHICH HE HOPED TO HAVE AMERICAN PARTICIPATION,
STATED
HE WOULD STAY IN TOUCH WITH EMBASSY ON THESE MATTERS, AND
EXPRESSED
HOPE THAT AMERICAN BUSINESSMEN WOULD AGGRESSIVELY PURSUE
OPPORTUNITIES
THAT HAD BEEN IDENTIFIED FOR THEM.
HABIB

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